

1 Andrew H. Wilson, SBN #063209  
WILSON, RYAN & CAMPILONGO  
2 115 Sansome St., 4th Floor  
San Francisco, California 94104  
3 (415) 391-3900  
Telefax: (415) 954-0938

4 Laurie J. Bartilson, SBN #139220  
5 MOXON & BARTILSON  
6255 Sunset Boulevard, Suite 2000  
6 Hollywood, CA 90028  
(213) 960-1936  
7 Telefax: (213) 953-3351

8 Attorneys for Plaintiff  
CHURCH OF SCIENTOLOGY  
9 INTERNATIONAL

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HUB LAW OFFICES

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
11 FOR THE COUNTY OF MARIN

13 CHURCH OF SCIENTOLOGY ) CASE NO. 157 680  
INTERNATIONAL, a California not- )  
14 for-profit religious corporation, ) [CONSOLIDATED]  
)  
15 ) DECLARATION OF LAURIE J.  
Plaintiff, ) BARTILSON IN SUPPORT OF  
16 ) CHURCH OF SCIENTOLOGY  
vs. ) INTERNATIONAL'S MEMORANDUM  
17 ) OF POINTS AND AUTHORITIES  
) IN OPPOSITION TO  
18 ) ARMSTRONG'S "AMENDED"  
GERALD ARMSTRONG; DOES 1 through ) MOTION FOR RECONSIDERATION  
19 25, inclusive, ) OF ENTRY OF PERMANENT  
) INJUNCTION  
20 )  
) DATE: December 1, 1995  
21 ) TIME: 9:00 a.m.  
) DEPT: 1  
22 ) JUDGE: Hon. Gary W. Thomas  
Defendants. )  
23 ) TRIAL DATE: Vacated

24 I, LAURIE J. BARTILSON, hereby declare:

25 1. I am a member of the law firm of Moxon & Bartilson and  
26 am an attorney admitted to practice in the State of California.  
27 My firm represents plaintiff Church of Scientology International  
28 ("Church") in the instant case. I have personal knowledge of

1 the matters specified in this declaration and, if called upon to  
2 testify on such matters, would and could do so competently.

3 2. On March 2, 1993, plaintiff Church of Scientology  
4 International filed its first motion for summary adjudication of  
5 its claim for permanent injunction. Armstrong did not respond to  
6 that motion; instead he sought and obtained a 14-month stay of  
7 the proceedings while he appealed the trial court's Order of  
8 Preliminary Injunction. That Order was upheld on appeal on May  
9 16, 1994.

10 3. On February 23, 1995, plaintiff filed an amended motion  
11 for summary adjudication of its claim for permanent injunction.  
12 It was originally set for hearing on March 31, 1995. Armstrong  
13 filed 3 applications to continue the hearing on the motion to  
14 allow himself more time to respond. He fired his attorney, Mr.  
15 Greene. Finally, he filed opposing papers -- late -- on April 7,  
16 1995.

17 4. The day before the Court was set to rule on the amended  
18 motion, Armstrong filed a petition for bankruptcy, staying the  
19 proceedings, and forcing the Church to obtain relief from stay in  
20 order to get a hearing on the pending motion.

21 5. The motion was re-set for hearing on September 27,  
22 1995. Mr. Greene, returning to the case on Armstrong's behalf,  
23 was permitted to file additional opposing papers on September 15,  
24 1995. In addition, Armstrong himself filed further "evidence" in  
25 opposition to the motion on September 20, 1995. The Church's  
26 application to present additional evidence of Armstrong's most  
27 recent breaches of the Agreement was denied.

28 6. On October 6, 1995, the Court granted the Church's

1 motion for summary adjudication. I prepared a proposed order and  
2 handed it to Mr. Greene in court that very day. I also sent a  
3 copy of the proposed order to Mr. Greene by telefax on October 9,  
4 1995. I spoke to Mr. Greene about the proposed order on October  
5 12, 1995. He stated that he had not reviewed the proposed order,  
6 and that he did not know when he would get around to doing so.  
7 Accordingly, and in accordance with the Court's published  
8 procedures, I sent the proposed order to the Court, along with a  
9 letter explaining Mr. Greene's refusal to review the order. I  
10 sent a copy of that letter to Mr. Greene.

11 7. The Court's review of the proposed order was thorough.  
12 It was rejected by the Court twice: once to remove a paragraph,  
13 and once to add some additional identifying language. Finally  
14 the Court signed it on October 17, 1995.

15 8. I am also counsel of record for the Church in  
16 Armstrong's bankruptcy action, Church of Scientology  
17 International v. Gerald Armstrong, U.S. Bankruptcy Court for the  
18 Northern District of California, Case No. 95-10911aj. The  
19 adversary complaint in that action has been pending since July  
20 11, 1995. On August 29, 1995, the court set a trial date of  
21 February 13, 1996.

22 9. Attached hereto are true and correct copies of the  
23 following documents:

24 Exhibit A - Declaration of Ford Greene, dated November 2,  
25 1995 and filed in support of Armstrong's  
26 Notice of Motion and Motion for  
27 Reconsideration of Grant of Summary  
28 Adjudication as to Twentieth Cause of Action

- 1 for Permanent Injunction, in the case herein.
- 2 Exhibit B - Complaint to Determine dischargeability and  
3 in Objection to Discharge, dated July 11,  
4 1995 and filed in U.S. Bankruptcy Court,  
5 Northern District of California, Case No. 95-  
6 10911aj.
- 7 Exhibit C - Notice of Ruling on Defendant Armstrong's  
8 Motion for Stay of Proceedings, dated March  
9 26, 1993, in the case herein.
- 10 Exhibit D - Opinion from the California Court of Appeal,  
11 Second Appellate District, Division 4, Case  
12 No. B069450 and filed May 16, 1994.
- 13 Exhibit E - Plaintiff's Notice of Motion and Motion for  
14 Summary Adjudication of the Twentieth Cause  
15 of Action of Plaintiff's Complaint, dated  
16 February 23, 1995, in the case herein.
- 17 Exhibit F - Mutual Release of All Claims and Settlement  
18 Agreement, executed by Gerald Armstrong on  
19 December 6, 1986.
- 20 Exhibit G - Armstrong's Memorandum of Points and  
21 Authorities in Opposition to Scientology's  
22 Motion for a Preliminary Injunction, dated  
23 March 16, 1992, in the case herein.
- 24 Exhibit H - Excerpt from the deposition transcript of  
25 Gerald Armstrong, taken on June 24, 1992 in  
26 the case herein.
- 27 Exhibit I - Letter from Laurie Bartilson to Ford Greene,  
28 dated October 24, 1995.

1           10. My normal billing rate is \$200 per hour, and I have  
2 expended 8 hours in preparing this opposition to the motion for  
3 reconsideration. If Armstrong requests oral argument for the  
4 hearing, I anticipate that I will spend an additional 4 hours  
5 traveling to Marin, preparing for, and attending the argument.

6           I declare under penalty of perjury under the laws of the  
7 State of California that the foregoing is true and correct.

8 Executed this 21st day of November, 1995, at Los Angeles,  
9 California.

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12 \_\_\_\_\_  
13 Laurie J. Bartilson  
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DECLARATION OF FORD GREENE

I, FORD GREENE, declare:

1. I am an attorney licensed to practice law in the courts of the Sate of California and am the attorney of record for Gerald Armstrong, defendant herein.

2. I personally participated in a hearing before the Department 1 of the above Court on Scientology's motion for summary adjudication on its 20th cause of action for a permanent injunction on October 6, 1995. During that hearing I was cut off by the court and prevented from making the appellate record necessary for the proper representation of defendant. A true and correct copy of the transcript of said hearing is attached hereto as Exhibit A.

3. On October 17, 1995, this Court's permanent injunction was filed herein and notice thereof was served by mail on October 18, 1995.

4. The instant motion is brought because the Court cut me off and prevent me from making the record required for appeal and because I believe that this Court's order is, in fact, erroneous.

5. In *In re Gerald Armstrong*, U.S. Bankruptcy Court for the Northern District of California, No. 95-10911, and *Church of Scientology International v. Gerald Armstrong*, U.S. Bankruptcy Court for the Northern District of California, A.P. 95-1164 an order filed October 10, 1995, issued from the U.S. Bankruptcy court in litigation between the same parties herein. A true and correct copy of said order is attached hereto as Exhibit B. Attached hereto as Exhibit C is a true and correct copy of Armstrong's answer in said litigation.

Pursuant to the laws of the State of California and under penalty of perjury I hereby declare that the foregoing is true and correct and that this declaration is executed on November 2, 1995 at San Anselmo, California.







WILSON, RYAN & CAMPILONGO

ANDREW H. WILSON  
STEPHEN C. RYAN\*  
CHRISTOPHER B. TIGNO  
ANNE R. KNOWLES  
LINDA M. FONG  
SHAUNA T. RAJKOWSKI  
IAIN-BREAC MACLEOD

A PROFESSIONAL LAW CORPORATION  
115 SANSOME STREET, SUITE 400  
SAN FRANCISCO, CALIFORNIA 94104  
(415) 391-3900  
TELECOPY (415) 954-0938

OF COUNSEL  
LISA F. CAMPILONGO

\*CERTIFIED TAXATION SPECIALIST  
THE STATE BAR OF CALIFORNIA  
BOARD OF LEGAL SPECIALIZATION

July 14, 1995

Laurie Bartilson, Esq.  
6255 Sunset Boulevard, Suite 2000  
Los Angeles, California 90028

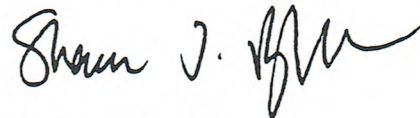
Re: In re: Gerald Armstrong;  
US Bankruptcy, Adversary Proceeding Case No. 95 1164;  
Our File No. SCI02-003B

Dear Laurie:

Enclosed please find copies of the filed adversary complaint, issued summons, cover sheet, and receipt for the filing fee paid. Please note that the Court set a status conference for August 29, 1995 at 2:00 p.m. Finally, Gerald Armstrong was personally served with these documents on July 13, 1995. If you have any questions, please call.

Very truly yours,

WILSON, RYAN & CAMPILONGO



Shauna T. Rajkowski

STR-1432

cc: Andrew H. Wilson, Esq.

1 Andrew H. Wilson  
WILSON, RYAN & CAMPILONGO  
2 115 Sansome Street  
Fourth Floor  
3 San Francisco, CA 94104  
(415) 391-3900

4  
5 Laurie J. Bartilson  
MOXON & BARTILSON  
6255 Sunset Blvd., Suite 2000  
6 Hollywood, CA 90028  
(213) 960-1936

7  
8 Attorneys for Creditor  
CHURCH OF SCIENTOLOGY INTERNATIONAL

9 UNITED STATES BANKRUPTCY COURT  
10 NORTHERN DISTRICT OF CALIFORNIA

11 In re ) CASE NO. 95-10911 aj  
12 GERALD ARMSTRONG, ) Chapter 7  
13 Debtor ) Adv. No. \_\_\_\_\_  
14 )  
15 CHURCH OF SCIENTOLOGY ) COMPLAINT TO DETERMINE  
INTERNATIONAL, a California non- ) DISCHARGEABILITY AND  
16 profit religious corporation, ) IN OBJECTION TO  
17 Plaintiff, ) DISCHARGE  
18 v. ) [11 U.S.C. §§  
GERALD ARMSTRONG, ) 727(a)(4)(A);  
19 Defendant. ) 727(a)(5); 523(a)(2);  
20 ) and 523(a)(6).]  
\_\_\_\_\_ )

21 Church of Scientology International ("CSI"), plaintiff, and  
22 creditor of the above-named debtor, Gerald Armstrong  
23 ("Armstrong") in a sum in excess of \$1,000,000 alleges:

24 INTRODUCTION

25 1. Debtor Armstrong has engaged in a pattern of fraud and  
26 deceit that mandates dismissal of his bankruptcy petition without  
27 discharge, or, alternatively, that his debt to plaintiff be  
28 deemed nondischargeable. First, he has lied to this Court, the

1 trustee and his creditors by failing to include, as part of his  
2 Schedule B, his ownership in the Gerald Armstrong Corporation.  
3 In 1993, Armstrong testified that the assets of the Gerald  
4 Armstrong Corporation were worth \$1 billion. In 1994, Armstrong  
5 admitted under oath that he owned 80% of the shares of the stock  
6 in the corporation, and was its president and sole employee.  
7 Second, while testifying at a meeting of creditors, Armstrong  
8 asserted that the Gerald Armstrong Corporation no longer  
9 possessed any assets having any commercial value. Armstrong has  
10 failed to satisfactorily explain how he disposed of not only the  
11 \$1 billion in assets claimed by the Gerald Armstrong Corporation,  
12 but also \$518,000 of the \$800,000 which he received as proceeds  
13 of a legal settlement, and at least \$15,000 which he received in  
14 large increments in 1992 and 1993. These actions render  
15 Armstrong ineligible for discharge pursuant to 11 U.S.C. §§  
16 727(a)(4)(A) and (5). Third, Armstrong has also admitted under  
17 oath that he entered into an agreement with CSI in 1986, which he  
18 intended to breach, and which he has in fact repeatedly and  
19 maliciously breached, resulting in the debt to CSI which he now  
20 seeks to discharge. These actions render Armstrong's debt to CSI  
21 nondischargeable pursuant to 11 U.S.C. §§ 523(a)(2) and (6).

## 22 JURISDICTION

23 2. This is an adversary proceeding in the debtor's Case  
24 No. 95-10911 aj under Chapter 7 of Title 11 of the United States  
25 Bankruptcy Code, now pending in this Court. This Court has  
26 jurisdiction of this adversary proceeding pursuant to 11 U.S.C.  
27 §§ 727, 523 and 365. This is a core proceeding under 28 U.S.C.  
28 §§ 157(b)(2)(I) and (J).



1 Action was entered into by Armstrong and CSI in December, 1986  
2 ("the Agreement"). A true and correct copy of the Agreement is  
3 attached hereto as Exhibit A. It settled outstanding litigation  
4 between CSI and Armstrong according to certain terms and  
5 conditions. Armstrong has admitted that the settlement proceeds  
6 which he received were \$800,000, and that he received \$518,000  
7 after paying attorneys' fees and expenses.

8 8. Pursuant to the Agreement, Armstrong, who had been  
9 actively pursuing a career as an anti-Scientology "expert" and  
10 paralegal, agreed, inter alia, that he would not disclose his  
11 knowledge of or experiences in Scientology to anyone, and would  
12 not voluntarily aid other litigants or would-be litigants in  
13 anti-Scientology litigation. (Agreement, ¶¶ 7(D), 7(G), 7(H) and  
14 10). The Agreement also provided that Armstrong would pay CSI  
15 \$50,000 in liquidated damages for every prohibited disclosure.

16 9. In February, 1992, CSI brought the State Court Action  
17 against Armstrong, alleging that he had repeatedly breached the  
18 provisions of the Agreement delineated in Paragraph 8, supra.  
19 CSI sought and obtained a preliminary injunction enforcing  
20 portions of the Agreement.

21 10. Armstrong claims that in August, 1990, he was directed  
22 by God to give away his material assets. He transferred real  
23 property valued at approximately \$530,000 and at least \$35,000 in  
24 cash to his friend and lawyer, Michael Walton. He also claims  
25 that he forgave an outstanding debt to Walton of \$30,000.  
26 Armstrong further claims that he forgave other debts to friends  
27 and family members totalling approximately \$133,000 and gave away  
28 additional cash totalling \$1,500. Armstrong has asserted under

1 oath that he received no valuable consideration for any of these  
2 transfers. Although he was asked to do so in the State Court  
3 Action, Armstrong has not produced any records of any of these  
4 transactions, other than a few documents concerning the transfer  
5 of the real property to Walton.

6 11. In or about August, 1987, Armstrong incorporated a  
7 California corporation which he called the Gerald Armstrong  
8 Corporation ("GAC"). Armstrong was the only incorporator,  
9 officer, and director of the corporation.

10 12. Armstrong testified in the State Court Action that, on  
11 incorporation, GAC issued a single share of stock to a single  
12 shareholder: Gerald Armstrong. Armstrong also testified that he  
13 transferred significant personal assets to GAC in 1988, including  
14 personal and intellectual property. Armstrong has testified that  
15 in August, 1990, the value of GAC's assets was \$1,000,000. He  
16 based this figure on an appraisal of some of Armstrong's works  
17 owned by GAC, which he testified were independently valued at  
18 \$900,000. In addition, in August, 1990, Armstrong listed the  
19 following personal property as further assets of GAC: office  
20 equipment, office furniture, four filing cabinets and contents,  
21 photocopier, drafting table, drafting machine, MAC and Image  
22 Writer II, VCR, opaque projector, projector table, Morantz  
23 portable twin head recorder, microphone, 2 sets of headphones, 3  
24 chests of drawers, futon frame, cover, linen, futon, pillows,  
25 Chines rug and 2 rockers.

26 13. Armstrong claimed, under oath in the State Court  
27 action, that GAC "possesses a number of Gerald Armstrong's  
28 artistic and literary works, possesses rights to a number of his

1 inventions and rights to certain formulas, and is in the business  
2 of bringing peace and exploiting its assets for commercial and  
3 peaceful purposes." He also testified that GAC owns "equipment  
4 and products." The business of GAC, according to Armstrong, is  
5 to care for, promote and exploit "the works of Gerald Armstrong."

6 14. Armstrong testified in the State Court Action that in  
7 August, 1990, at the same time that he made the transfers  
8 described in paragraph 10, supra, he transferred his ownership in  
9 GAC to Michael Walton, Michael Douglas, Lorien Phippeny and Nancy  
10 Rhodes. According to Armstrong, his single share of stock was  
11 divided into 100 shares, and each of the four received 25 shares.  
12 Walton, Douglas, Phippeny and Rhodes paid Armstrong nothing for  
13 the shares of stock.

14 15. Shortly after making the transfers referred to in  
15 paragraphs 10 and 14, supra, Armstrong initiated successive  
16 breaches of the Agreement, which resulted in the filing of the  
17 State Court Action. When Armstrong disclosed the transfers in  
18 the State Court Action, CSI brought a fraudulent conveyance  
19 action against Armstrong and Michael Walton. That action was  
20 consolidated into the State Court Action in September, 1994.

21 16. Armstrong admitted in deposition in the State Court  
22 Action that he reacquired the shares of stock in GAC which he had  
23 distributed to Walton, Douglas, Phippeny and Rhodes. In October,  
24 1992, Armstrong testified that GAC had 9 shareholders. He owned  
25 80 shares. Single shares were owned by Armstrong's friends and  
26 relatives, Michael Douglas, Michael Walton, Andrew Armstrong,  
27 Thomas McPherson, Joseph Yanny, Michael Dick, Trevor and Colin  
28 Dick, and Anthony Armstrong. In 1993, GAC issued a single share

1 to Armstrong's brother, Andrew Armstrong. In 1994, GAC issued a  
2 single share to Armstrong's brother, Anthony Armstrong.  
3 Armstrong testified again in 1994 that he owned 80% of GAC's  
4 stock.

5 17. Armstrong has testified, in deposition in the State  
6 Court Action, that he is currently the President, and only  
7 officer, of GAC, one of its two directors, and its only employee.  
8 In 1993, he testified that GAC has a single bank account, and  
9 that he was the sole signatory on that account.

10 18. In March, 1993, Armstrong testified under oath that he  
11 estimated the value of the assets owned by GAC to be  
12 \$1,000,000,000 to \$1,500,000,000.

13 19. In May, 1995, at an early meeting of creditors,  
14 Armstrong testified under oath that GAC no longer possessed any  
15 assets of commercial value.

16 **FIRST CLAIM FOR RELIEF**

17 (For a Determination That Armstrong's Debts Are Not  
18 Dischargeable Pursuant to 11 U.S.C. §727(a)(4)(A))

19 20. Plaintiff incorporates by reference the allegations  
20 contained in paragraphs 1 through 19 above as though set forth  
21 fully herein.

22 21. On April 18, 1995, Armstrong filed a Voluntary Petition  
23 for Bankruptcy with this court. He swore under penalty of  
24 perjury that the information which he provided in the Petition  
25 was true and correct. On Schedule B of his Petition, Line 12,  
26 Armstrong stated that he owned no stock or interests in  
27 incorporated or unincorporated businesses. CSI is informed and  
28 believes, and therefore alleges that on April 18, 1995, Armstrong



1 owned and still owns at least 80% of the stock of the Gerald  
2 Armstrong Corporation. 22. CSI is informed and believes and  
3 therefore alleges that GAC is, and at all times relevant herein  
4 was, operated by and for the benefit of Gerald Armstrong as his  
5 alter ego. The alleged corporate form of GAC should,  
6 accordingly, be disregarded, and GAC's assets considered the  
7 assets of Armstrong.

8 23. Armstrong's failure to include his ownership of GAC in  
9 Schedule B is a deliberate omission of a material matter  
10 constituting a false oath or account in connection with the case.

11 24. Armstrong failed to disclose his ownership of GAC and  
12 its assets with the intent to mislead creditors and the trustee  
13 as to the debtor's true financial condition, or with reckless  
14 disregard for the truth with regard to a matter material to the  
15 case.

#### 16 SECOND CLAIM FOR RELIEF

17 (For a Determination That Armstrong's Debts Are Not  
18 Dischargeable Pursuant to 11 U.S.C. §727(a)(5))

19 25. Plaintiff incorporates by reference the allegations  
20 contained in paragraphs 1 through 24 above as though set forth  
21 fully herein.

22 26. In 1986, Armstrong received a substantial sum of money  
23 from CSI in settlement of litigation. Armstrong has testified  
24 under oath that he invested the money in real property and GAC,  
25 and that GAC, set up solely to exploit Armstrong and his literary  
26 and artistic ventures, prospered. He has claimed, under oath in  
27 the State Court Action, that GAC's assets were valued, in 1990,  
28 at \$1 million, and, in 1993, he valued them at \$1 billion to \$1.5

1 billion.

2 27. In 1993, Armstrong received 3 large payments from  
3 sources unknown to plaintiff totalling \$15,000.

4 28. Armstrong's Bankruptcy Petition claims assets of  
5 \$6,485, and liabilities of \$1,005,367.52. At the meeting of  
6 creditors, on May 17, 1995, Armstrong claimed under oath that  
7 GAC possessed no assets of any commercial value.

8 29. Armstrong has offered no satisfactory explanation for  
9 his claimed losses of \$518,000 since 1986, \$1 million since 1990,  
10 \$15,000 since 1993, or \$1 billion to \$1.5 billion since 1994.

11 **THIRD CLAIM FOR RELIEF**

12 (For a Determination That Armstrong's Debt To CSI Is Not  
13 Dischargeable Pursuant to 11 U.S.C. §523(a)(2))

14 30. Plaintiff incorporates by reference the allegations  
15 contained in paragraphs 1 through 19 above as though set forth  
16 fully herein.

17 31. CSI entered into the Agreement with Armstrong in 1986  
18 in good faith, and performed its part of the Agreement in full.

19 32. Armstrong falsely represented to CSI when he entered  
20 into the Agreement that he understood and agreed to every  
21 provision of the Agreement. He and his attorney met with a CSI  
22 representative and CSI's attorney, and Armstrong, laughing and  
23 joking, initialed each page of the Agreement, and signed it  
24 happily.

25 33. Armstrong has stated repeatedly under oath in the State  
26 Court Action that, at the time that he entered into the Agreement  
27 with CSI, he did not believe that the nondisclosure provisions of  
28 the Agreement were enforceable and binding on him, and that he

1 did not intend to abide by these portions of the Agreement if  
2 they proved inconvenient to him.

3 34. Armstrong has stated repeatedly under oath that he was  
4 "heartsick" concerning the nondisclosure provisions in the  
5 Agreement, and that he merely "put on a happy face" for the  
6 signing of the Agreement in order to persuade CSI to enter into  
7 the Agreement and pay him his settlement.

8 35. CSI reasonably relied on Armstrong's representations  
9 that was entering into the Agreement in good faith, and that he  
10 (a) had read the entire Agreement, (b) agreed with all of its  
11 provisions, (c) intended to abide by it in its entirety and (d)  
12 entered into it voluntarily and on the advice of independent  
13 counsel.

14 36. Had CSI known that Armstrong did not intend to abide by  
15 the nondisclosure provisions contained in the Agreement, CSI  
16 would not have entered into the Agreement with Armstrong, and  
17 would not have paid him \$800,000.

18 37. Armstrong's conduct at the time that he entered into  
19 the Agreement with CSI constitutes false pretenses and/or false  
20 representations, which Armstrong knew to be false and/or which  
21 Armstrong made with reckless disregard as to their truth or  
22 falsity.

#### 23 FOURTH CLAIM FOR RELIEF

24 (For a Determination That Armstrong's Debt To CSI Is Not  
25 Dischargeable Pursuant to 11 U.S.C. §523(a)(6))

26 38. Plaintiff incorporates by reference the allegations  
27 contained in paragraphs 1 through 37 above as though set forth  
28 fully herein.

1           39. After Armstrong transferred and/or hid his assets in  
2 1990, he set out on a course of conduct intended deliberately to  
3 damage and harass CSI. For years, and despite ongoing  
4 litigation, Armstrong has deliberately and repeatedly violated  
5 his Agreement not to discuss his claimed Scientology knowledge  
6 and experiences, and he has done so with the intent and purpose  
7 of impeding, injuring and destroying CSI and the Scientology  
8 faith. Since August, 1990, he has spoken negatively to the media  
9 about Scientology at least 21 times; made an anti-Scientology  
10 videotape; prepared and offered for sale a treatment for an anti-  
11 Scientology screenplay; gone to work for three different anti-  
12 Scientology attorneys, etc., all as set forth in plaintiff's  
13 Second Amended Complaint in the State Court Action.

14           40. Armstrong's anti-Scientology actions are both  
15 deliberate and malicious. When they began, Armstrong asked CSI to  
16 pay him additional funds to keep silent. Armstrong's anti-  
17 Scientology campaign escalated when CSI refused. They did not  
18 halt even when the State Court issued a summary adjudication  
19 order against Armstrong for \$100,000.

20           WHEREFORE, plaintiff prays for the entry of judgment against  
21 defendant as follows:

22           1. That the Court determine that the debts of defendant be  
23 ruled nondischargeable as a result of defendant's knowingly and  
24 fraudulently making a false oath in connection with a bankruptcy  
25 case by virtue of the provisions of 11 U.S.C. § 727(a)(4)(A); and

26           2. That the Court determine that the debts of defendant be  
27 ruled nondischargeable as a result of defendant's failure to  
28 satisfactorily explain his loss of and/or deficiency of assets by

1 virtue of the provisions of 11 U.S.C. § 727(a)(5); or in the  
2 alternative

3 3. That the Court determine that the debt owed to  
4 plaintiff by defendant as a result of defendant's false pretenses  
5 and/or false representations, upon which plaintiff relied to its  
6 detriment, and as a result of defendant's wilful and malicious  
7 injury to plaintiff, is nondischargeable by virtue of the  
8 provisions of 11 U.S.C. §§ 523(a)(2) and (a)(6);

9 4. For an award of attorney's fees as allowable by law in  
10 an amount the Court determines to be reasonable;

11 5. For costs of suit herein incurred; and

12 6. For such other and further relief as this Court deems  
13 just and proper.

14 DATED: July \_\_, 1995

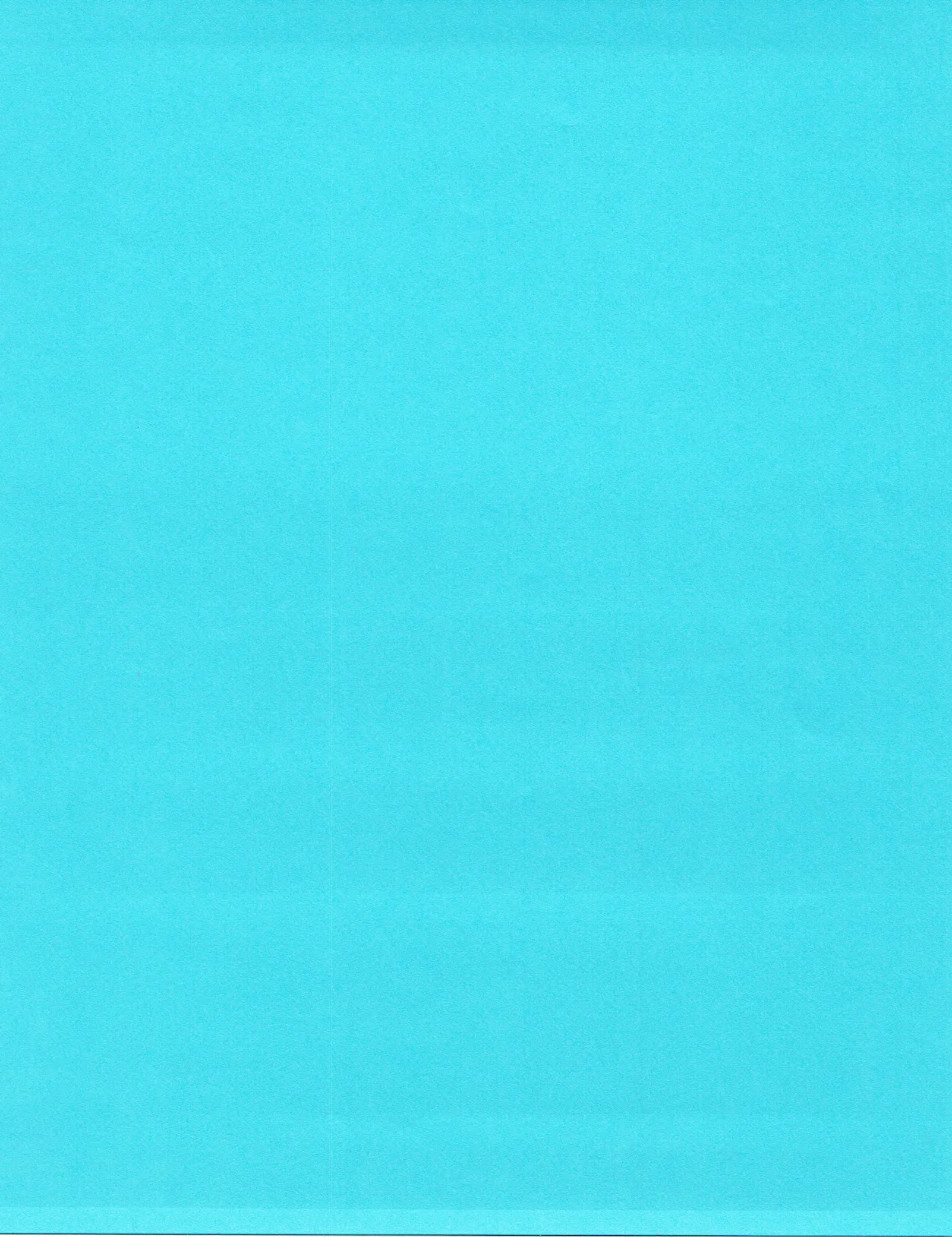
Andrew H. Wilson  
WILSON, RYAN & CAMPILONGO

MOXON & BARTILSON

15  
16  
17  
18 By: 

Laurie J. Bartilson

19 Attorneys for Plaintiff  
20 CHURCH OF SCIENTOLOGY  
21 INTERNATIONAL  
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28



1 Ford Greene, Esquire  
California State Bar No. 107601  
2 HUB LAW OFFICES  
711 Sir Francis Drake Boulevard  
3 San Anselmo, California 94960-1949  
Telephone: (415) 258-0360

4 PAUL MORANTZ, ESQ.  
5 P.O. Box 511  
Pacific Palisades, CA 90272  
6 (310) 459-4745

7 Attorneys for Defendant  
GERALD ARMSTRONG

8

9

10

SUPERIOR COURT OF THE STATE OF CALIFORNIA

11

IN AND FOR THE COUNTY OF LOS ANGELES

12

13

14 CHURCH OF SCIENTOLOGY )  
INTERNATIONAL, a California )  
not-for-profit religious )  
15 corporation; )

No. BC 052395

16

Plaintiffs, )

NOTICE OF RULING ON DEFENDANT  
ARMSTRONG'S MOTION FOR STAY OF  
PROCEEDINGS

17

vs. )

18

GERALD ARMSTRONG; DOES 1 )  
through 25, inclusive, )

19

Defendants. )

Discovery Cut Off: Vacated  
Motion Cut Off: Vacated  
Trial Date: Vacated

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21

22 On March 23, 1993, the motion by Defendant Gerald Armstrong  
23 for a stay of proceedings, or in the alternative, for an extension  
24 of time to oppose motions for summary adjudication, came before  
25 Department 30 of the above-entitled Court, the Honorable David A.  
26 Horowitz, presiding. Plaintiff Church of Scientology  
27 International was represented by Wilson, Ryan & Campilongo, Andrew  
28 H. Wilson appearing, and by Bowles & Moxon, Laurie J. Bartilson

COPY

295

1 appearing. Defendant Gerald Armstrong was represented by Ford  
2 Greene. After consideration of all the papers filed in support of  
3 and in opposition to Defendant Armstrong's motion and after  
4 considering the arguments of counsel, the Court ordered as  
5 follows:

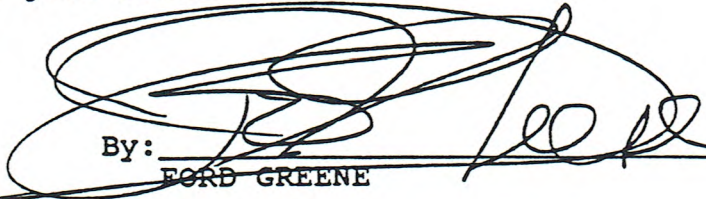
6 1. Defendant's motion for stay of proceedings in Department  
7 30 of the trial court is GRANTED on the grounds set forth in the  
8 Court's Minute Order issued March 23, 1993, a true and correct  
9 copy of which is attached hereto and incorporated herein by  
10 reference.

11 2. Counsel are ORDERED to report, in writing, any decision  
12 by the Court of Appeal to Department 30 within one day of the  
13 issuance of the opinion on Defendant Armstrong's appeal of the  
14 preliminary injunction issued by the Honorable Ronald M. Sohigian  
15 on May 28, 1992.

16 3. Any and all matters set in Department 30, including but  
17 not limited to the motions set for March 31, 1993, the Final  
18 Status Conference of April 23, 1993, and Trial of May 3, 1993, are  
19 advanced and VACATED.

20 4. Defendant is to give notice.

21 DATED: March 26, 1993

22   
23 By: \_\_\_\_\_  
FORD GREENE

24  
25  
26 By: \_\_\_\_\_  
PAUL MORANTZ

27 Attorneys for Defendant  
28



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PROOF OF SERVICE

I am employed in the County of Marin, State of California. I am over the age of eighteen years and am not a party to the above entitled action. My business address is 711 Sir Francis Drake Boulevard, San Anselmo, California. I served the following

documents: NOTICE OF RULING ON DEFENDANT ARMSTRONG'S MOTION FOR STAY OF PROCEEDINGS

on the following person(s) on the date set forth below, by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California:

Andrew Wilson, Esquire  
WILSON, RYAN & CAMPILONGO  
235 Montgomery Street, Suite 450  
San Francisco, California 94104

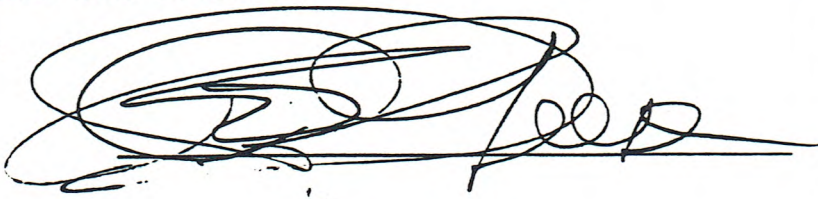
LAURIE J. BARTILSON, ESQ.  
Bowles & Moxon  
6255 Sunset Boulevard, Suite 2000  
Los Angeles, California 90028

PAUL MORANTZ, ESQ.  
P.O. Box 511  
Pacific Palisades, CA 90272

(By Mail) I caused such envelope with postage thereon fully prepaid to be placed in the United States Mail at San Anselmo, California.

(State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

DATED: March 26, 1993



SUPERIOR COURT OF CALIFORNIA , COUNTY OF LOS ANGELES

Date: March 23, 1993

Honorable	DAVID A. HOROWITZ	, Judge	S. ROBLES	, Deputy Clerk
8	C. AGUIRRE	, Deputy Sheriff	B. CHARLINE HOWELL	, Reporter
		, C. S. L.		, E/R Monitor

BC052395

(Parties and Counsel checked if present)

CHURCH OF SCIENTOLOGY, ETC

Counsel For	LAURIE BARTILSON (x)
Plaintiff	ANDREW WILSON (x)

VS

GERALD ARMSTRONG

Counsel For	FORD GREENE (x)
Defendant	

NATURE OF PROCEEDINGS:

MOTION OF DEFENDANT, GERALD ARMSTRONG, FOR STAY OR IN THE ALTERNATIVE, FOR AN EXTENSION OF TIME TO OPPOSE MOTIONS FOR SUMMARY ADJUDICATION;

D, Mot for stay of proceedings GRANTED. The action is stayed under CCP 916. Counsel are ordered to report any decision by the Court of Appeal to this Department, in writing, within one day of the issuance of the opinion so that this Court may lift the stay.

"...an appeal stays proceedings in the trial court upon the order appealed from or upon the matters embraced therein or affected thereby..." CCP 916. As the Church has stated in its Summary Adjudication motions, "The facts are undisputed, however, that Armstrong has breached the Agreement repeatedly and deliberately. Because of these breaches, a preliminary injunction was issued by the Court on May 28, 1992." Obviously, the validity of the Agreement is the basis for the preliminary injunction. One of the basis for the appeal is an attack on the legality and validity of the Agreement.

The central issue of this case is the legality and validity of the Agreement. The Court of Appeal could certainly reach that issue in its determination of the validity of the injunction. If it does, that ruling could be determinative of many of the issues of this case. It makes no sense to proceed with this matter until the Court of Appeal makes its ruling.

Any and all matters set in this department, including but not limited to the Motions set for 3/31/93, the Final Status Conference of 4/23/93 and the Trial of 5/3/93, are each advanced and vacated.

Defendant shall give notice.

RECEIVED

MAR 23 1993



NOT TO BE PUBLISHED

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA  
SECOND APPELLATE DISTRICT  
DIVISION FOUR

CHURCH OF SCIENTOLOGY INTERNATIONAL, )  
 )  
Plaintiff and Respondent, )  
 )  
v. )  
 )  
GERALD ARMSTRONG, )  
 )  
Defendant and Appellant. )  
\_\_\_\_\_ )

No. B069450  
(Super.Ct.No. BC052395)

COURT OF APPEAL - SECOND DISTRICT

FILED

SEP 18 1994

JOSEPH L. ... Clerk  
DORIS ...

APPEAL from an order of the Superior Court of  
Los Angeles County, Ronald M. Sohigian, Judge. Affirmed.

Ford Greene and Paul Morantz for Defendant and  
Appellant.

Bowles & Moxon, Karen D. Holly, Wilson, Ryan &  
Campilongo, Andrew H. Wilson, Rabinowitz, Boudin, Standard,  
Krinsky & Lieberman, Eric M. Lieberman, and Michael Lee  
Hertzberg for Plaintiff and Respondent.

Defendant and appellant Gerald Armstrong (Armstrong) appeals from an order granting a preliminary injunction restraining Armstrong from voluntarily giving assistance to other persons litigating or intending to litigate claims against plaintiff and respondent Church of Scientology International (Church).

The injunction was granted to enforce a settlement agreement in prior litigation between Armstrong and Church. In the settlement, Armstrong agreed he would not voluntarily assist other persons in proceedings against Church.

Armstrong does not deny violating his agreement but asserts numerous reasons why his agreement should not be enforceable. We conclude that the narrowly-limited preliminary injunction, which did not finally adjudicate the merits of Armstrong's claims, was not an abuse of the trial court's discretion to make orders maintaining the status quo and preventing irreparable harm pending the ultimate resolution of the merits.

#### FACTUAL AND PROCEDURAL BACKGROUND

Armstrong was a member of Church between 1969 and 1981. He became an insider of high rank, familiar with Church practices and documents. He became disillusioned and left Church in 1981. When he left, he took many Church documents with him.

## The Prior Action and Settlement

Church brought the prior action against Armstrong seeking return of the documents, injunctive relief against further dissemination of information contained in them, and imposition of a constructive trust. Mary Sue Hubbard, wife of Church founder L. Ron Hubbard, intervened asserting various torts against Armstrong. Armstrong filed a cross-complaint seeking damages for fraud, intentional infliction of emotional distress, libel, breach of contract, and tortious interference with contract.

Church's complaint and Hubbard's complaint in intervention were tried in 1984 by Judge Breckenridge. That trial led to a judgment, eventually affirmed on appeal, holding Armstrong's conversion of the documents was justified because he believed the conversion necessary to protect himself from Church's claims that he had lied about Church matters and L. Ron Hubbard. (Church of Scientology v. Armstrong (1991) 232 Cal.App.3d 1060, 1063, 1073.)

Armstrong's cross-complaint in that case was settled in December 1986 by the settlement agreement which is the subject of the injunction in the present case.

In the settlement agreement, the parties mutually released each other from all claims, except the then-pending appeal of Judge Breckenridge's decision on Church's complaint, which was expressly excluded. The settlement involved a number

of persons engaged in litigation against Church, all represented by Attorney Michael Flynn. As a result of the settlement, Armstrong was paid \$800,000. Armstrong's cross-complaint was dismissed with prejudice, as agreed, on December 11, 1986.

The portions of the settlement agreement most pertinent to this appeal are paragraphs 7-G, 7-H, and 10, in which Armstrong agreed not to voluntarily assist other persons intending to engage in litigation or other activities adverse to Church.<sup>1/</sup>

---

1. "G. Plaintiff agrees that he will not voluntarily assist or cooperate with any person adverse to Scientology in any proceeding against any of the Scientology organizations, individuals, or entities listed in Paragraph 1 above. Plaintiff also agrees that he will not cooperate in any manner with any organizations aligned against Scientology. [¶] H. Plaintiff agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the Scientology Churches, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Plaintiff shall not make himself amenable to service of any such subpoena in a manner which invalidates the intent of this provision. Unless required to do so by such subpoena, Plaintiff agrees not to discuss this litigation or his experiences with and knowledge of the Church with anyone other than members of his immediate family. As provided hereinafter in Paragraph 18(d), the contents of this Agreement may not be disclosed. [¶] . . . 10. Plaintiff agrees that he will not assist or advise anyone, including individuals, partnerships, associations, corporations, or governmental agencies contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement."

Paragraph 20 of the agreement authorizes its enforcement by injunction.

## The Present Action

In February 1992, Church filed a complaint in the present action alleging Armstrong's violation of the settlement agreement and seeking damages and injunctive relief.

In support of its motion for a preliminary injunction, Church presented evidence that since June 1991 Armstrong had violated the agreement by working as a paralegal for attorneys representing clients engaged in litigation against Church and by voluntarily and gratuitously providing evidence for such litigation. Armstrong worked as a paralegal for Attorney Joseph Yanny, who represented Richard and Vicki Aznaran in a multimillion dollar suit against Church in federal court. Armstrong also voluntarily provided declarations for use in the Aznarans' case. Armstrong thereafter worked for Attorney Ford Greene on the Aznaran and other Church related matters.

Armstrong did not deny the charged conduct but asserted the settlement agreement was not enforceable for various reasons, primarily that it was against public policy and that he signed it under duress.

### The Trial Court's Preliminary Injunction

The trial court granted a limited preliminary injunction, with exceptions which addressed Armstrong's



argument that the settlement agreement violated public policy by requiring suppression of evidence in judicial proceedings.

The court found that Armstrong voluntarily entered the settlement agreement for which he received substantial compensation, and that Armstrong was unlikely to prevail on his duress claim. The court found that Armstrong could contract as part of the settlement to refrain from exercising various rights which he would otherwise have. Balancing the interim harms to the parties, the court found that to the extent of the limited acts covered by the preliminary injunction, Church would suffer irreparable harm which could not be compensated by monetary damages, and harm for which monetary damages would be difficult to calculate. (Code Civ. Proc., § 526, subds. (a)(2), (a)(4), (a)(5).)

The court's order provides, in pertinent part:

"Application for preliminary injunction is granted in part, in the following respects only. [¶] Defendant Gerald Armstrong, his agents, and persons acting in concert or conspiracy with him (excluding attorneys at law who are not said defendant's agents or retained by him) are restrained and enjoined during the pendency of this suit pending further order of court from doing directly or indirectly any of the following: [¶] Voluntarily assisting any person (not a governmental organ or entity) intending to make, intending to press, intending to arbitrate, or intending to litigate a claim against the persons

referred to in sec. 1 of the 'Mutual Release of All Claims and Settlement Agreement' of December, 1986 regarding such claim or regarding pressing, arbitrating, or litigating it. [¶]  
Voluntarily assisting any person (not a governmental organ or entity) arbitrating or litigating a claim against the persons referred to in sec. 1 of the 'Mutual Release of All Claims and Settlement Agreement' of December, 1986."

The court provided the following exceptions to address Armstrong's public policy arguments: "The court does not intend by the foregoing to prohibit defendant Armstrong from: (a) being reasonably available for the service of subpoenas on him; (b) accepting service of subpoenas on him without physical resistance, obstructive tactics, or flight; (c) testifying fully and fairly in response to properly put questions either in deposition, at trial, or in other legal or arbitration proceedings; (d) properly reporting or disclosing to authorities criminal conduct of the persons referred to in sec. 1 of the 'Mutual Release of All Claims and Settlement Agreement' of December, 1986; or (e) engaging in gainful employment rendering clerical or paralegal services not contrary to the terms and conditions of this order."

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## DISCUSSION

The grant of a preliminary injunction does not adjudicate the ultimate rights in controversy between the parties. It merely determines that the court, balancing the relative equities of the parties, concludes that, pending a trial on the merits, the defendant should be restrained from exercising the right claimed. The purpose of the injunction is to preserve the status quo until a final determination of the merits of the action. (Continental Baking Co. v. Katz (1968) 68 Cal.2d 512, 528.)

The court considers two interrelated factors. The first is the likelihood the plaintiff will prevail at trial. The second is the interim harm the plaintiff is likely to sustain if the injunction is denied, as compared to the harm the defendant is likely to suffer if the injunction is granted. (Cohen v. Board of Supervisors (1985) 40 Cal.3d 277, 286.)

The decision to grant or deny a preliminary injunction rests in the discretion of the trial court. Accordingly, an appellate court's review on appeal from the granting of a preliminary injunction is very limited. The burden is on the appellant to make a clear showing that the trial court abused its discretion. (IT Corp. v. County of Imperial (1983) 35 Cal.3d 63, 69; Nutro Products, Inc. v. Cole Grain Co. (1992) 3

Cal.App.4th 860, 865.) Abuse of discretion means the trial court has exceeded the bounds of reason or contravened the uncontradicted evidence. (IT Corp. v. County of Imperial, supra, 35 Cal.3d at p. 69.)

Here, the trial court's memorandum decision reflects very careful consideration of the factors relevant to the granting of a preliminary injunction. The court weighed the relative harms to the parties and balanced the interests asserted by Armstrong. The court granted a limited preliminary injunction with exclusions protecting the countervailing interests asserted by Armstrong. We find no abuse of discretion. We cannot say that the trial court erred as a matter of law in weighing the hardships or in determining there is a reasonable probability Church would ultimately prevail to the limited extent reflected by the terms of the preliminary injunction.

Although Armstrong's "freedom of speech" is affected, it is clear that a party may voluntarily by contract agree to limit his freedom of speech. (See In re Steinberg (1983) 148 Cal.App.3d 14, 18-20 [filmmaker agreed to prior restraint on distribution of film]; ITT Telecom Products Corp. v. Dooley (1989) 214 Cal.App.3d 307, 319 [employee's agreement not to disclose confidential information; "it is possible to waive even First Amendment free speech rights by contract"]; Snepp v. United States (1980) 444 U.S. 507, 509, fn. 3 [book by CIA

employee subject to prepublication clearance by terms of his employment contract].)

The exceptions in the trial court's injunction assured that the injunction would not serve to suppress evidence in legal proceedings. The injunction expressly did not restrain Armstrong from accepting service of subpoenas, testifying fully and fairly in legal proceedings, and reporting criminal conduct to the authorities. (See Philippine Export & Foreign Loan Guarantee Corp. v. Chuidian (1990) 218 Cal.App.3d 1058, 1081-1082.) This contrasts with the stipulation in Mary R. v. B. & R. Corp. (1983) 149 Cal.App.3d 308, 315-316, cited by Armstrong, which prevented a party from disclosing misconduct to regulatory authorities.

This appeal is only from the granting of a preliminary injunction which expressly did not decide the ultimate merits. As limited by the trial court here, the preliminary injunction merely restrains, for the time being, Armstrong's voluntary intermeddling in other litigation against Church, in violation of his own agreement. We decline any extended discussion of Armstrong's shotgun-style brief, which offers more than a dozen separate contentions against enforcement. It suffices to say that Armstrong has not borne his burden on appeal to demonstrate a clear abuse of discretion.

DISPOSITION

The order granting a preliminary injunction is affirmed.

NOT TO BE PUBLISHED

VOGEL (C.S.), Acting P.J.

We concur:

HASTINGS, J.

KLEIN (Brett), J.\*

---

\*Assigned by the Chairperson of the Judicial Council.

OFFICE OF THE CLERK  
COURT OF APPEALS  
STATE OF CALIFORNIA

SECOND APPELLATE DISTRICT  
JOSEPH A. LANE, CLERK

DIVISION: 4 DATE: 05/16/94

Bowles & Moxon  
Laurie J. Bartilson  
6255 Sunset Blvd  
Suite 2000  
Hollywood, CA. 90028

RE: Church of Scientology International  
vs.  
Armstrong, Gerald  
2 Civil B069450  
Los Angeles NO. BC052395





1 Andrew H. Wilson, SBN 063209  
WILSON, RYAN & CAMPILONGO  
2 115 Sansome Street  
Fourth Floor  
3 San Francisco, California 94104  
(415) 391-3900  
4 Telefax: (415) 954-0938

5 Laurie J. Bartilson, SBN 139220  
MOXON & BARTILSON  
6 6255 Sunset Boulevard, Suite 2000  
Hollywood, CA 90028  
7 (213) 960-1936  
8 Telefax: (213) 953-3351

9 Attorneys for Plaintiff  
CHURCH OF SCIENTOLOGY  
INTERNATIONAL

10  
11 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
12 FOR THE COUNTY OF MARIN

13 CHURCH OF SCIENTOLOGY )  
14 INTERNATIONAL, a California not-for-profit )  
religious corporation, )

15 )  
16 )  
17 Plaintiff, )

18 vs. )

19 )  
20 GERALD ARMSTRONG; DOES 1 through 25, )  
inclusive, )

21 )  
22 Defendants. )  
23 \_\_\_\_\_ )

CASE NO. BC 157680

) PLAINTIFF'S NOTICE OF MOTION  
) AND MOTION FOR SUMMARY  
) ADJUDICATION OF THE  
) TWENTIETH CAUSE OF ACTION  
) OF PLAINTIFF'S COMPLAINT

)  
)  
) DATE: March 31, 1995  
) TIME: 9:00 a.m.  
) DEPT: 1

)  
) DISCOVERY  
) CUT-OFF: March 16, 1995  
) MTN CUT-OFF: April 18, 1995  
) TRIAL DATE: May 18, 1995

24 PLEASE TAKE NOTICE that on March 31, 1995, at 9:00 a.m., or as soon thereafter  
25 as may be heard in Department 1 of the above-entitled Court located at Hall of Justice, 3501  
26 Civil Cir. Dr., San Rafael, California, plaintiff Church of Scientology International ("the  
27 Church") will move this Court to issue an order granting summary adjudication of plaintiff's  
28 Twentieth Cause of Action (for permanent injunction for breach of contract) in favor of the

1 Church, pursuant to California Code of Civil Procedure Section 437c. This Motion is made  
2 on the grounds that there is no triable issue of any material fact relevant to plaintiff's claim  
3 for injunctive relief, and that the Church is entitled to judgment on the Twentieth Cause of  
4 Action as a matter of law.

5 This Motion is based on this Notice of Motion and Motion, the pleadings, records and  
6 files herein, the accompanying Memorandum of Points and Authorities, the declarations and  
7 exhibits filed herewith, the accompanying Separate Statement of Undisputed Material Facts,  
8 and such other evidence as may be adduced properly at the hearing of this Motion.

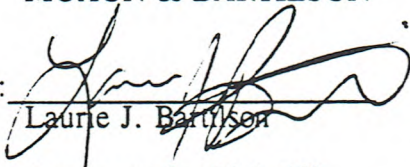
9 Dated: February 23, 1995

Respectfully submitted,

10 Andrew H. Wilson  
11 WILSON, RYAN & CAMPILONGO

12 MOXON & BARTILSON

13 By:

14   
Laurie J. Bartilson

15 Attorneys for Plaintiff  
16 CHURCH OF SCIENTOLOGY  
17 INTERNATIONAL  
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PROOF OF SERVICE

STATE OF CALIFORNIA        )  
                                  ) ss.  
COUNTY OF LOS ANGELES    )

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Boulevard, Suite 2000, Los Angeles, CA 90028.

On February 23, 1995, I served the foregoing document described as PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR SUMMARY ADJUDICATION OF THE TWENTIETH CAUSE OF ACTION OF PLAINTIFF'S COMPLAINT on interested parties in this action,

[ ] by placing the true copies thereof in sealed envelopes as stated on the attached mailing list;

[X] by placing [ ] the original [X] true copies thereof in sealed envelopes addressed as follows:

FORD GREENE  
HUB Law Offices  
711 Sir Francis Drake Blvd.  
San Anselmo, CA 94960-1949

MICHAEL WALTON  
700 Larkspur Landing Circle  
Suite 120  
Larkspur, CA 94939

[x] BY FAX AND MAIL

[ ] \*I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.

[x] As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing an

affidavit.

Executed on February 23, 1995 at Los Angeles, California.

[ ] \*\* (BY PERSONAL SERVICE) I delivered such envelopes by hand to the offices of the addressees.

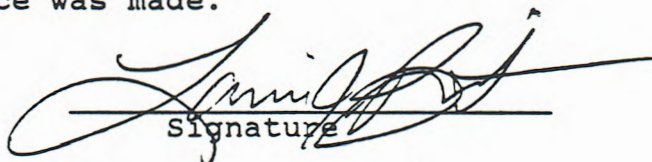
Executed on \_\_\_\_\_ at Los Angeles, California.

[X] (State) I declare under penalty of the laws of the State of California that the above is true and correct.

[ ] (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

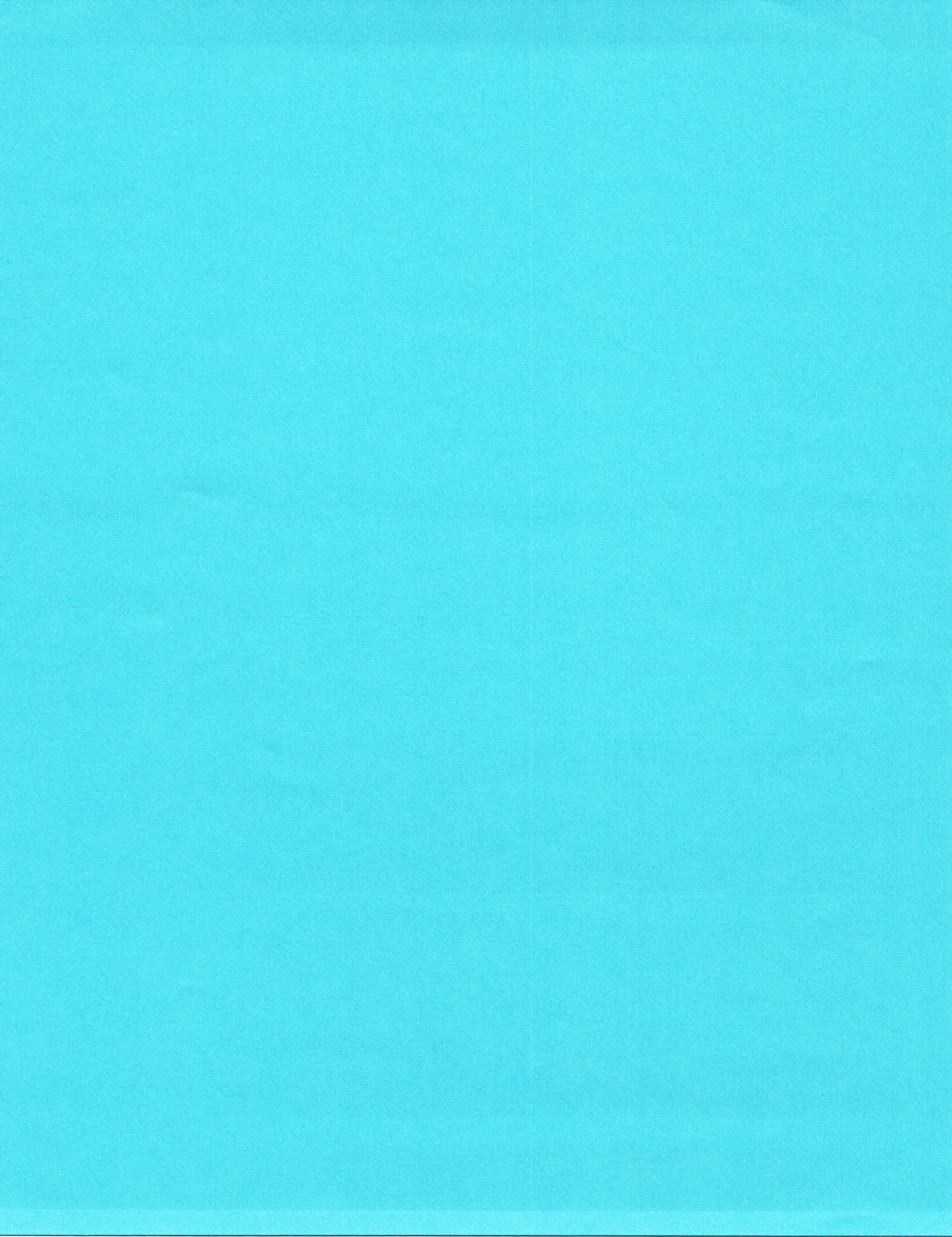
Laurie J. Bartilson

Print or Type Name

  
Signature

\* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

\*\* (For personal service signature must be that of messenger)



MUTUAL RELEASE OF ALL CLAIMS AND SETTLEMENT AGREEMENT

1. This Mutual Release of All Claims and Settlement Agreement is made between Church of Scientology International (hereinafter "CSI") and Gerald Armstrong, (hereinafter "Plaintiff") Cross-Complainant in Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153. By this Agreement, Plaintiff hereby specifically waives and releases all claims he has or may have from the beginning of time to and including this date, including all causes of action of every kind and nature, known or unknown for acts and/or omissions against the officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel of CSI as well as the Church of Scientology of California, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; Religious Technology Center, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; all Scientology and Scientology affiliated organizations and entities and their officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; Author Services, Inc., its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel; L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor; Author's Family Trust, its beneficiaries and its trustee; and Mary Sue Hubbard, (all hereinafter collectively referred to as the

"Releasees"). The parties to this Agreement hereby agree as follows:

2. It is understood that this settlement is a compromise of doubtful and disputed claims, and that any payment is not to be construed, and is not intended, as an admission of liability on the part of any party to this Agreement, specifically, the Releasees, by whom liability has been and continues to be expressly denied. In executing this settlement Agreement, Plaintiff acknowledges that he has released the organizations, individuals and entities listed in the above paragraph, in addition to those defendants actually named in the above lawsuit, because among other reasons, they are third party beneficiaries of this Agreement.

3. Plaintiff has received payment of a certain monetary sum which is a portion of a total sum of money paid to his attorney, Michael J. Flynn. The total sum paid to Mr. Flynn is to settle all of the claims of Mr. Flynn's clients. Plaintiff's portion of said sum has been mutually agreed upon by Plaintiff and Michael J. Flynn. Plaintiff's signature below this paragraph acknowledges that Plaintiff is completely satisfied with the monetary consideration negotiated with and received by Michael J. Flynn. Plaintiff acknowledges that there has been a block settlement between Plaintiff's attorney, Michael J. Flynn, and the Church of Scientology and Churches and entities related to the Church of Scientology, concerning all of Mr. Flynn's clients who were in litigation with any Church of Scientology or related entity. Plaintiff has received a portion of this block.

amount, the receipt of which he hereby acknowledges. Plaintiff understands that this amount is only a portion of the block settlement amount. The exact settlement sum received by Plaintiff is known only to Plaintiff and his attorney, Michael J. Flynn, and it is their wish that this remain so and that this amount remain confidential.

  
\_\_\_\_\_  
Signature line for Gerald Armstrong

4. For and in consideration of the above described consideration, the mutual covenants, conditions and release contained herein, Plaintiff does hereby release, acquit and forever discharge, for himself, his heirs, successors, executors, administrators and assigns, the Releasees, including Church of Scientology of California, Church of Scientology International, Religious Technology Center, all Scientology and Scientology affiliated organizations and entities, Author Services, Inc. (and for each organization or entity, its officers, agents, representatives, employees, volunteers, directors, successors, assigns and legal counsel); L. Ron Hubbard, his heirs, beneficiaries, Estate and its executor; Author's Family Trust, its beneficiaries and trustee; and Mary Sue Hubbard, and each of them, of and from any and all claims, including, but not limited to, any claims or causes of action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153 and all demands, damages, actions and causes of actions of every kind and nature, known or unknown,



for or because of any act or omission allegedly done by the Releasees, from the beginning of time to and including the date hereof. Therefore, Plaintiff does hereby authorize and direct his counsel to dismiss with prejudice his claims now pending in the above referenced action. The parties hereto will execute and cause to be filed a joint stipulation of dismissal in the form of the one attached hereto as Exhibit "A".

A. It is expressly understood by Plaintiff, that this release and all of the terms thereof do not apply to the action brought by the Church of Scientology against Plaintiff for Conversion, Fraud and other causes of action, which action has already gone to trial and is presently pending before the Second District, Third Division of the California Appellate Court (Appeal No. B005912). The disposition of those claims are controlled by the provisions of the following paragraph hereinafter.

B. As of the date this settlement Agreement is executed, there is currently an appeal pending before the California Court of Appeal, Second Appellate District, Division 3, arising out of the above referenced action delineated as Appeal No. B005912. It is understood that this appeal arises out of the Church of Scientology's complaint against Plaintiff which is not settled herein. This appeal shall be maintained notwithstanding this Agreement. Plaintiff agrees to waive any rights he may have to take any further appeals from any decision eventually reached by the Court of Appeal or any rights he may have to oppose (by responding brief or any other means) any further appeals taken by the Church of

Scientology of California. The Church of Scientology of California shall have the right to file any further appeals it deems necessary.

5. For and in consideration of the mutual covenants, conditions and release contained herein, and Plaintiff dismissing with prejudice the action Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153, the Church of Scientology of California does hereby release, acquit and forever discharge for itself, successors and assigns, Gerald Armstrong, his agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by Gerald Armstrong from the beginning of time to and including the date hereof.

6. In executing this Agreement, the parties hereto, and each of them, agree to and do hereby waive and relinquish all rights and benefits afforded under the provisions of Section 1542 of the Civil Code of the State of California, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

7. Further, the undersigned hereby agree to the following:

A. The liability for all claims is expressly denied by the parties herein released, and this final compromise and

settlement thereof shall never be treated as an admission of liability or responsibility at any time for any purpose.

B. Plaintiff has been fully advised and understands that the alleged injuries sustained by him are of such character that the full extent and type of injuries may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, further damages may be sustained by Plaintiff; nevertheless, Plaintiff desires by this document to forever and fully release the Releasees. Plaintiff understands that by the execution of this release no further claims arising out of his experience with, or actions by, the Releasees, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by him or on his behalf, against the Releasees.

C. Plaintiff agrees to assume responsibility for the payment of any attorney fee, lien or liens, imposed against him past, present, or future, known or unknown, by any person, firm, corporation or governmental entity or agency as a result of, or growing out of any of the matters referred to in this release. Plaintiff further agrees to hold harmless the parties herein released, and each of them, of and from any liability arising therefrom.

D. Plaintiff agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other

similar form, any writing or to broadcast or to assist another to create, write, film or video tape or audio tape any show, program or movie, or to grant interviews or discuss with others, concerning their experiences with the Church of Scientology, or concerning their personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff further agrees that he will maintain strict confidentiality and silence with respect to his experiences with the Church of Scientology and any knowledge or information he may have concerning the Church of Scientology, L. Ron Hubbard, or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff expressly understands that the non-disclosure provisions of this subparagraph shall apply, inter alia, but not be limited, to the contents or substance of his complaint on file in the action referred to in Paragraph 1 hereinabove or any documents as defined in Appendix "A" to this Agreement, including but not limited to any tapes, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above. The attorneys for Plaintiff, subject to the ethical limitations restraining them as promulgated by the state or federal regulatory associations or agencies, agree not to disclose any of the terms and conditions of the settlement negotiations, amount of the

settlement, or statements made by either party during settlement conferences. Plaintiff agrees that if the terms of this paragraph are breached by him, that CSI and the other Releasees would be entitled to liquidated damages in the amount of \$50,000 for each such breach. All monies received to induce or in payment for a breach of this Agreement, or any part thereof, shall be held in a constructive trust pending the outcome of any litigation over said breach. The amount of liquidated damages herein is an estimate of the damages that each party would suffer in the event this Agreement is breached. The reasonableness of the amount of such damages are hereto acknowledged by Plaintiff.

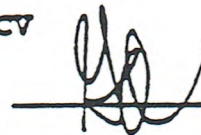
E. With exception to the items specified in Paragraph 7(L), Plaintiff agrees to return to the Church of Scientology International at the time of the consummation of this Agreement, all materials in his possession, custody or control (or within the possession, custody or control of his attorney, as well as third parties who are in possession of the described documents), of any nature, including originals and all copies or summaries of documents defined in Appendix "A" to this Agreement, including but not limited to any tapes, computer disks, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard or any of the organizations, individuals or entities listed in Paragraph 1 above, all evidence of any nature, including evidence obtained from the named defendants through discovery, acquired for the purposes of this lawsuit or any lawsuit, or acquired for any other purpose

concerning any Church of Scientology, any financial or administrative materials concerning any Church of Scientology, and any materials relating personally to L. Ron Hubbard, his family, or his estate. In addition to the documents and other items to be returned to the Church of Scientology International listed above and in Appendix "A", Plaintiff agrees to return the following:

(a) All originals and copies of the manuscript for the work "Excalibur" written by L. Ron Hubbard;

(b) All originals and copies of documents commonly known as the "Affirmations" written by L. Ron Hubbard; and

(c) All documents and other items surrendered to the Court by Plaintiff and his attorneys pursuant to Judge Cole's orders of August 24, 1982 and September 4, 1982 and all documents and other items taken by the Plaintiff from either the Church of Scientology or Omar Garrison. This includes all documents and items entered into evidence or marked for identification in Church of Scientology of California v. Gerald Armstrong, Case No. C 420 153. Plaintiff and his attorney will execute a Joint Stipulation or such other documents as are necessary to obtain these documents from the Court. In the event any documents or other items are no longer in the custody or control of the Los Angeles Superior Court, Plaintiff and his counsel will assist the Church in recovering these documents as quickly as possible, including but not limited to those tapes and other documents now in the possession of the United States District Court in the case of United States v. Zolin, Case No. CV



85-0440-HLH(2), presently on appeal in the Ninth Circuit Court of Appeals. In the event any of these documents are currently lodged with the Court of Appeal, Plaintiff and his attorneys will cooperate in recovering those documents as soon as the Court of Appeal issues a decision on the pending appeal.

To the extent that Plaintiff does not possess or control documents within categories A-C above, Plaintiff recognizes his continuing duty to return to CSI any and all documents that fall within categories A-C above which do in the future come into his possession or control.

F. Plaintiff agrees that he will never again seek or obtain spiritual counselling or training or any other service from any Church of Scientology, Scientologist, Dianetics or Scientology auditor, Scientology minister, Mission of Scientology, Scientology organization or Scientology affiliated organization.

G. Plaintiff agrees that he will not voluntarily assist or cooperate with any person adverse to Scientology in any proceeding against any of the Scientology organizations, individuals, or entities listed in Paragraph 1 above. Plaintiff also agrees that he will not cooperate in any manner with any organizations aligned against Scientology.

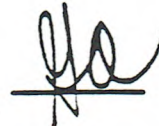
H. Plaintiff agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the Scientology Churches, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Plaintiff shall not make

himself amenable to service of any such subpoena in a manner which invalidates the intent of this provision. Unless required to do so by such subpoena, Plaintiff agrees not to discuss this litigation or his experiences with and knowledge of the Church with anyone other than members of his immediate family. As provided hereinafter in Paragraph 18(d), the contents of this Agreement may not be disclosed.

I. The parties hereto agree that in the event of any future litigation between Plaintiff and any of the organizations, individuals or entities listed in Paragraph 1 above, that any past action or activity, either alleged in this lawsuit or activity similar in fact to the evidence that was developed during the course of this lawsuit, will not be used by either party against the other in any future litigation. In other words, the "slate" is wiped clean concerning past actions by any party.

J. It is expressly understood and agreed by Plaintiff that any dispute between Plaintiff and his counsel as to the proper division of the sum paid to Plaintiff by his attorney of record is between Plaintiff and his attorney of record and shall in no way affect the validity of this Mutual Release of All Claims and Settlement Agreement.

K. Plaintiff hereby acknowledges and affirms that he is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that his ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.

A handwritten signature in black ink, appearing to be 'JL', is written over a horizontal line.



L. Notwithstanding the provisions of Paragraph 7(E) above, Plaintiff shall be entitled to retain any artwork created by him which concerns or relates to the religion of Scientology, L. Ron Hubbard or any of the organizations, individuals or entities listed in Paragraph 1 above provided that such artwork never be disclosed either directly or indirectly, to anyone. In the event of a disclosure in breach of this Paragraph 7(L), Plaintiff shall be subject to the liquidated damages and constructive trust provisions of Paragraph 7(D) for each such breach.

8. Plaintiff further agrees that he waives and relinquishes any right or claim arising out of the conduct of any defendant in this case to date, including any of the organizations, individuals or entities as set forth in Paragraph 1 above, and the named defendants waive and relinquish any right or claim arising out of the conduct of Plaintiff to date.

9. This Mutual Release of All Claims and Settlement Agreement contains the entire agreement between the parties hereto, and the terms of this Agreement are contractual and not a mere recital. This Agreement may be amended only by a written instrument executed by Plaintiff and CSI. The parties hereto have carefully read and understand the contents of this Mutual Release of All Claims and Settlement Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically

incorporated herein shall be deemed to in any way exist or bind any of the parties hereto.

10. Plaintiff agrees that he will not assist or advise anyone, including individuals, partnerships, associations, corporations, or governmental agencies contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement.

11. The parties to this Agreement acknowledge the following:

A. That all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will;

B. That all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have obtained advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement; and

C. That all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.

12. Each party shall bear its respective costs with respect to the negotiation and drafting of this Agreement and

all acts required by the terms hereof to be undertaken and performed by that party.

13. To the extent that this Agreement inures to the benefit of persons or entities not signatories hereto, this Agreement is hereby declared to be made for their respective benefits and uses.

14. The parties shall execute and deliver all documents and perform all further acts that may be reasonably necessary to effectuate the provisions of this Agreement.

15. This Agreement shall not be construed against the party preparing it, but shall be construed as if both parties prepared this Agreement. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

16. In the event any provision hereof be unenforceable, such provision shall not affect the enforceability of any other provision hereof.

17. All references to the plural shall include the singular and all references to the singular shall include the plural. All references to gender shall include both the masculine and feminine.

18.(A) Each party warrants that they have received independent legal advice from their attorneys with respect to the advisability of making the settlement provided for herein and in executing this Agreement.

(B) The parties hereto (including any officer, agent, employee, representative or attorney of or for any party) acknowledge that they have not made any statement,

representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party (or of any officer, agent, employee, representative or attorney for the other party).

(C) The persons signing this Agreement have the full right and authority to enter into this Agreement on behalf of the parties for whom they are signing.

(D) The parties hereto and their respective attorneys each agree not to disclose the contents of this executed Agreement. Nothing herein shall be construed to prevent any party hereto or his respective attorney from stating that this civil action has been settled in its entirety.

(E) The parties further agree to forbear and refrain from doing any act or exercising any right, whether existing now or in the future, which act or exercise is inconsistent with this Agreement.

19. Plaintiff has been fully advised by his counsel as to the contents of this document and each provision hereof. Plaintiff hereby authorizes and directs his counsel to dismiss with prejudice his claims now pending in the action entitled Gerald Armstrong v. Church of Scientology of California, Los Angeles Superior Court, Case No. 420 153.

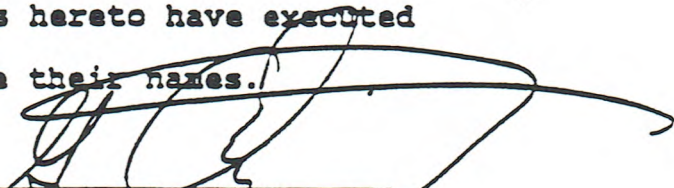
20. Notwithstanding the dismissal of the lawsuit pursuant to Paragraph 4 of this Agreement, the parties hereto agree that the Los Angeles Superior Court shall retain

jurisdiction to enforce the terms of this Agreement. This Agreement may be enforced by any legal or equitable remedy, including but not limited to injunctive relief or declaratory judgment where appropriate. In the event any party to this Agreement institutes any action to preserve, to protect or to enforce any right or benefit created hereunder, the prevailing party in any such action shall be entitled to the costs of suit and reasonable attorney's fees.

21. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, on the date opposite their names.

Dated: December 6, 1986

  
GERALD ARMSTRONG

Ann A. Richardson  
Witness

Michael J. Flynn  
Witness

Dated: 12/6/86

APPROVED AS TO FORM AND  
CONTENT:

M. J. Flynn  
MICHAEL J. FLYNN  
Attorney for  
GERALD ARMSTRONG

Dated: December 11, 1986

Heidi C. [Signature]  
for  
CHURCH OF SCIENTOLOGY  
INTERNATIONAL

## APPENDIX A

1. As used herein, the term "document" or "documents" include but are not limited to all originals, file copies and copies not identical to the original, no matter how prepared, or all writings, papers, notes, records, books and other tangible things including, by way of example and not of limitation, the following:

a. Memoranda, notes, calendars, appointment books, shorthand or stenographer's notebooks, correspondence, letters and telegrams, whether received, sent, filed or maintained internally;

b. Drafts and notes, whether typed, penciled or otherwise; whether or not used;

c. Minutes, reports and summaries of meetings;

d. Contracts, agreements, understandings, commitments, proposals and other business dealings;

e. Recordings, transcriptions and memoranda or notes made of any telephone or face-to-face oral conversations between or among persons;

f. Dictated tapes or other sound recordings;

g. Computer printouts or reports and the applicable program or programs therefor;

h. Tapes, cards or any other means by which data are stored or preserved electrically, electronically, magnetically or mechanically, and the applicable program or program therefor (from which plaintiff may reproduce or cause to be reproduced such data in written form);

i. Pictures, drawings, photographs, charts or other graphic representations;

j. Checks, bills, notes, receipts, or other evidence of payment;

k. Ledgers, journals, financial statements, accounting records, operating statements, balance sheets and statements of account.





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HUB LAW OFFICES  
Ford Greene, Esquire  
California State Bar No. 107601  
711 Sir Francis Drake Boulevard  
San Anselmo, California 94960-1949  
Telephone: (415) 258-0360

Attorney for Defendant  
GERALD ARMSTRONG

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
IN AND FOR THE COUNTY OF MARIN

CHURCH OF SCIENTOLOGY )  
INTERNATIONAL, a California )  
not-for-profit religious )  
corporation; )  
 )  
Plaintiffs, )  
 )  
vs. )  
 )  
GERALD ARMSTRONG; DOES 1 )  
through 25, inclusive, )  
 )  
Defendants. )  
 )  
\_\_\_\_\_ )

No. 152 229

ARMSTRONG'S MEMORANDUM OF  
POINTS AND AUTHORITIES IN  
OPPOSITION TO SCIENTOLOGY'S  
MOTION FOR A PRELIMINARY  
INJUNCTION

Date: March 20, 1992  
Time: 9:00 a.m.  
Dept: 4 - Specially Set

COPY

1 someone or something was or was not adverse to, or aligned against  
2 Scientology. The agreement is not specifically enforceable  
3 because not only would it be impossible for the Court to decipher  
4 the ambiguities inherent in the agreement; even if it could  
5 rationally construe the agreement, it could never enforce it.

6 Additionally, since it would be impossible for the Court to  
7 enforce the agreement, it is not appropriate for the Court to  
8 issue an injunction.

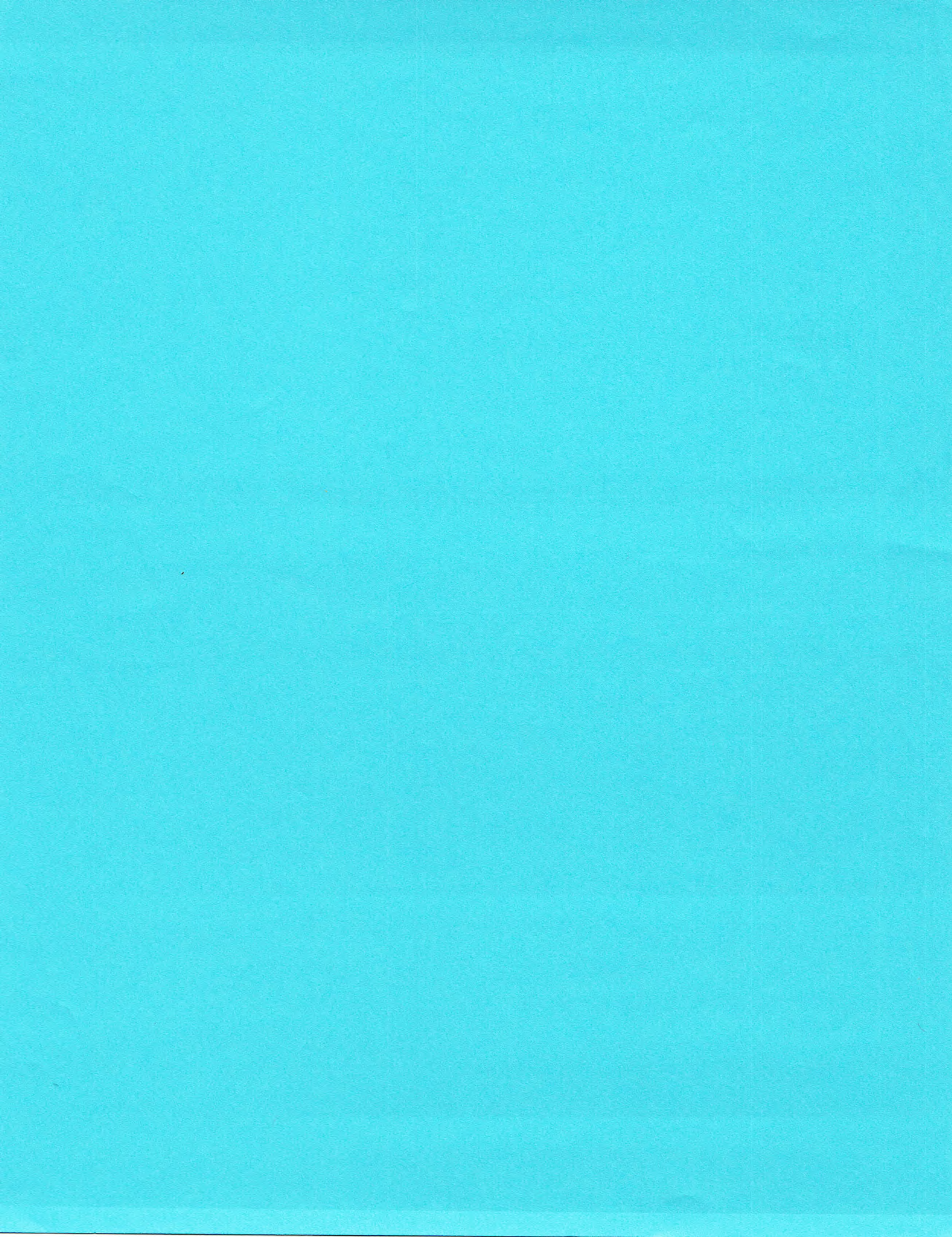
9 e. Since There Is No Mutuality Of Remedy,  
10 Specific Performance Will Not Lie

11 In bilateral contract, such as the agreement herein,  
12 mutuality of obligation and remedy is necessary because of mutual  
13 promises. The doctrine requires that the promises on each side  
14 must be binding obligations in order to be consideration for each  
15 other. Mattei v. Hooper (1958) 51 Cal.2d 119, 122, 330 P.2d 625;  
16 Larwin-Southern Calif. v. JGB Inv. Co. (1979) 101 Cal.App.3d 606,  
17 637, 162 Cal.Rptr. 52. In order for the agreement to be  
18 obligatory on either party, it must be mutual and reciprocal in  
19 its obligations. Harper v. Goldschmidt ( ) 156 Cal. 245, 104  
20 P. 451.

21 Paragraphs 4A and 4B of the agreement prohibit Armstrong from  
22 litigating Scientology's complaint against him on appeal while  
23 allowing Scientology to litigate the matter in the appellate  
24 courts to the extent it desired.

25 Paragraph 7D prohibited Armstrong from speaking to others  
26 about Scientology, but does not prohibit Scientology from talking  
27 to others about Armstrong.

28 Paragraph 7E required Armstrong to deliver documents about



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IN AND FOR THE SUPERIOR COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

--oOo--

CHURCH OF SCIENTOLOGY  
INTERNATIONAL, a California  
not-for-profit religious  
corporation,  
Plaintiff,

**CERTIFIED  
COPY**

vs.

Case No. BC 052395

GERALD ARMSTRONG; DOES 1  
through 25, inclusive,

Defendants.

\_\_\_\_\_

DEPOSITION OF  
GERALD ARMSTRONG

-----

Wednesday, June 24, 1992

REPORTED BY: SUSAN M. SKIGEN, CSR #5829

1 sold you it; right?

2 A. I don't think I ever have used those words  
3 and I won't now because Michael Flynn was under the same  
4 pressure that I was under. He really had been attacked,  
5 you know, and I don't fault Michael Flynn, although it  
6 sure hurt.

7 I really fault the organization for using  
8 Michael Flynn as a vehicle to get to me. I mean, that's  
9 just corrupt, for them to play with him at all to get to  
10 me, his client, it's corruption.

11 And what were they doing with him, he was  
12 going to settle his case and they were going to end the  
13 attacks on him. Whereas he gives me a contract which  
14 says on its face they can continue to attack you with  
15 impunity, Mr. Armstrong.

16 Q. And --

17 A. Who but a madman would sign such a  
18 document?

19 Q. And at the time you got that agreement you  
20 recognized that problem with it, that it didn't prohibit  
21 them from saying whatever they wanted about you; right?

22 A. Well, I also understood from basic  
23 understanding and from talking to Michael Flynn that as  
24 soon as they open their mouth and say one word, they've  
25 waived it, you have a new unit of time, they've violated

1 it, that's it, you're free to talk, you can respond  
2 because you cannot, this does not have to do with future  
3 acts.

4 It does not say specifically they are free  
5 to, they will interpret it that way. And I recognize  
6 that as soon as I hear that they've dumped documents on  
7 the L.A. Times, soon as I know that they've filed all  
8 sorts of false most scurrilous statements about me in  
9 the high court in London, I know that that's going on.

10 MR. GREENE: Just a second. Let me take  
11 about a two minute break.

12 MR. WILSON: Sure. Go ahead. Any time you  
13 want to.

14 (Short recess.)

15 MR. WILSON: Okay.

16 MR. GREENE: I don't think you want the  
17 last answer.

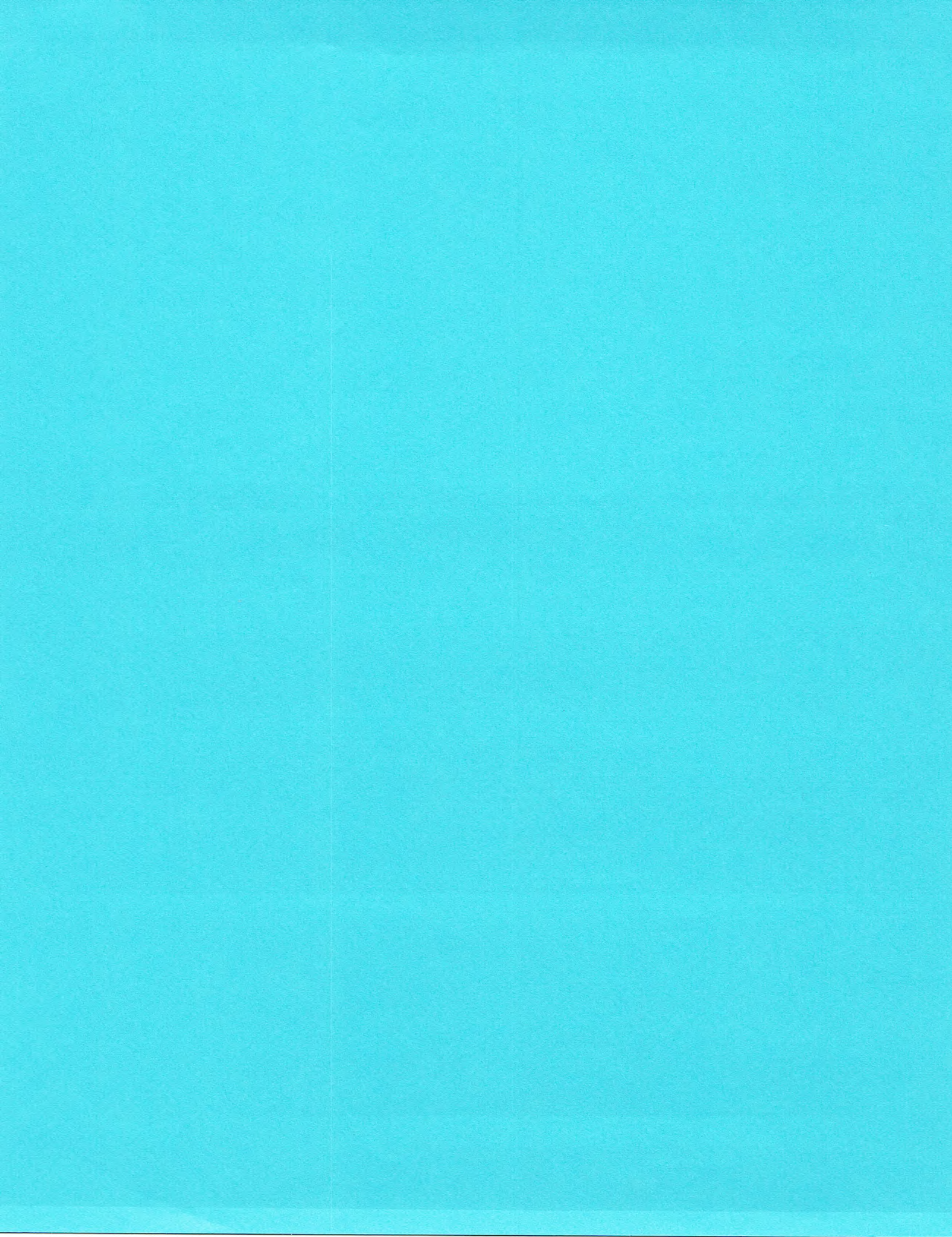
18 (Pending question read by the reporter.)

19 MR. WILSON: No, I don't.

20 Let's mark this.

21 MR. GREENE: Did we mark No. 6, just for  
22 the record? I know you asked him some questions based  
23 on it, but I don't know if it actually got into the  
24 record as identified as being six?

25 MR. WILSON: Yes, it did.



MOXON & BARTILSON  
ATTORNEYS AT LAW  
6255 SUNSET BOULEVARD  
SUITE 2000  
HOLLYWOOD, CALIFORNIA 90028  
TELEPHONE (213) 960-1936  
TELECOPIER (213) 953-3351

KENDRICK L. MOXON

LAURIE J. BARTILSON

ALSO ADMITTED IN  
THE DISTRICT OF COLUMBIA

ALSO ADMITTED IN  
MASSACHUSETTS

October 24, 1995

BY TELEFAX AND U.S. MAIL

Ford Greene, Esq.  
Hub Law Offices  
711 Sir Francis Drake Blvd.  
San Anselmo, California 94960-1949

Re: Church of Scientology International v. Gerald Armstrong  
MSC 157 680

Dear Mr. Greene:

Yesterday, I received the enclosed letter from your client, Gerald Armstrong. Since the bulk of the letter concerns the above case, rather than his bankruptcy, I am directing my correspondence to you.

The language contained in the permanent injunction identifying parties and actions was specifically requested and reviewed by Judge Thomas. I believe that it is extremely clear and comprehensive, and more than adequate to fully place you and Mr. Armstrong on notice of each mandated or prohibited act. Making the lists Mr. Armstrong requests would be pointless, because the injunction is permanent, and covers all of the officers, directors, agents, volunteers, employees, counsel and assigns of each entity regardless of the changes which naturally occur over time. Mr. Armstrong has repeatedly argued that "the Organization" is just one large entity, anyway, so I doubt any court would seriously entertain an argument from him that he "did not think" that a particular church was a Scientology affiliated Church, organization of entity.

If Mr. Armstrong has any doubt as to whether or not a particular person or group falls into any of those categories, he has only to ask before he takes any action. Indeed, if he simply refrains from discussing Scientology, as ordered in paragraph 5 of the injunction, and from aiding anyone in any dispute with a Scientology affiliated entity, it is doubtful that he could find himself in any difficulty at all.



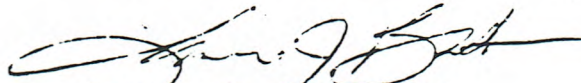
Ford Greene  
October 24, 1995  
Page 2

Judge Thomas considered that both you and your client were intelligent enough to read his very clear order of injunction and manage to obey it. I am certain that his assessment of your relative intelligence is accurate.

Kindly advise me when you intend to provide me with a return of all copies of non-filed materials as dictated by paragraph 1, page 8 of the injunction.

Sincerely,

MOXON & BARTILSON



Laurie J. Bartilson

LJB:aeu

cc: Andrew H. Wilson, Esq.

PROOF OF SERVICE

STATE OF CALIFORNIA            )  
                                          )    ss.  
COUNTY OF LOS ANGELES        )

I am employed in the County of California, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Boulevard, Suite 2000, Hollywood, CA 90028.

On November 21, 1995 I served the foregoing document described as DECLARATION OF LAURIE J. BARTILSON IN SUPPORT OF CHURCH OF SCIENTOLOGY INTERNATIONAL'S MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO ARMSTRONG'S "AMENDED" MOTION FOR RECONSIDERATION OF ENTRY OF PERMANENT INJUNCTION on interested parties in this action,

[ ] by placing the true copies thereof in sealed envelopes as stated on the attached mailing list;

[X] by placing [ ] the original [X] true copies thereof in sealed envelopes addressed as follows:

MICHAEL WALTON  
700 Larkspur Landing Circle  
Suite 120  
Larkspur, CA 94939

[ ] \*I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.

[X] As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing an affidavit.

Executed on November 21, 1995 at Los Angeles, California.

[ ] \*\*(BY PERSONAL SERVICE) I delivered such --

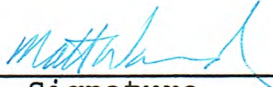
envelopes by hand to the offices of the addressees.

Executed on \_\_\_\_\_, at \_\_\_\_\_, California.

(State) I declare under penalty of the laws of the State of California that the above is true and correct.

(Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Matt Ward  
Print or Type Name

  
Signature

\* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

\*\* (For personal service signature must be that of messenger)